

DRAFT

**Managed Risk Medical Insurance Board
November 19, 2003, Meeting**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H., Sandra Hernández, M.D.

Ex Officio Members Present: S. Kimberly Belshé, Jack Campana, Ed Mendoza

Staff Present: Lesley Cummings, Joyce Iseri, Laura Rosenthal, Lorraine Brown, Irma Michel, Tom Williams, Stuart Busby, Dennis Gilliam, Mauricio Leiva, Vallita Lewis, Janette Lopez, Nora Nario, Ernesto Sanchez, Doug Skarr, JoAnne French, Monica Martinez

REVIEW AND APPROVAL OF MINUTES OF OCTOBER 22, 2003, MEETING

A motion was made and unanimously passed to approve the minutes of the October 22, 2003, Meeting. The minutes will be corrected to reflect that Sandra Hernández attended the October 22 meeting.

BUDGET REPORT

Tom Williams gave an update on the current year budget. Control section 4.10 of the Budget required elimination of 16,000 positions and a reduction of one billion dollars in state support. The control section limited the reduction to no more than 15% in a given department and gave the Director of Finance authority to make adjustments if savings could be achieved through other measures.

MRMIB's General Fund support budget was reduced by approximately \$225,000. Since all of MRMIB's General Funds draw federal funds at a ratio of two to one, the total reduction is approximately \$643,000, or 9%. In order to accomplish the reduction, MRMIB has had to eliminate 10.5 permanent positions (15% of staff), as well as take steps to curtail operating expenditures.

Staff has not been informed of any further reductions by the new administration. There are no specific reductions for MRMIB on the agenda for the extraordinary session called by Governor Schwarzenegger. It remains to be seen what will occur with the Governor's budget due in January. Chairman Allenby asked if there were any questions or public comment; there were none.

SB 2 TOPICS AND TIMELINE

Lesley Cummings gave an update on SB 2 (Burton & Speier), the bill that requires a health insurance pool be established for workers of employers with more than 50 employees. At the last meeting Ms. Cummings had presented a draft list of topics needing exploration in order to design the pool. She invited public comment on the topics. The list, along with the bill, was posted on MRMIB's web site (www.mrmib.ca.gov). Comments were received from Health Access California, Blue Cross of California, Western Center on Law and Poverty, Maternal and Child Health Access, and the California Partnership. Most of the comments were about steps interested parties would like to see included in the development of a work plan. There were some questions about the interpretation of law.

Ms. Cummings went over the final list of topics for discussion papers. At the October meeting, Ms. Cummings stated that staff will be looking for assistance in drafting the discussion papers since MRMIB is obligated to begin designing the program immediately despite the lack of commensurate resources. She has had discussions with the California Health Care Foundation (CHCF) which has expressed interest in funding experts to write the discussion papers.

Ms. Cummings reviewed those areas on the list that changed since the last meeting. These included methods by which employers would be recruited, keeping the program solvent, implications in not allowing the program to be self-insured, the issue of employee access based on hours or days worked, coordination with public programs, and cost-effectiveness of premium assistance. Chairman Allenby noted despite how well a design is thought out, there will always be unintended consequences.

Blue Cross had sent a letter suggesting that the Board consider use of a risk adjustment mechanism. Chairman Allenby reminded staff that in the early 1990s the insurance industry, specifically Blue Cross, Blue Shield, Kaiser, and what used to be Pacific Mutual, had developed a procedure for risk adjustment. Ms. Cummings said staff would look into that.

Secretary Belshé asked for clarification on next steps in the process and the role of consultants versus state staff. Ms. Cummings replied that because the legislature and Governor have not provided any resources for implementation of the SB 2 program, she has proposed an approach that would allow development of ideas related to implementation funded by the philanthropic community. After reviewing papers written by consultants, staff will propose a specific structure to the Board and the Board will make the ultimate decisions on the design of the pool. Next steps with CHFC are to obtain some assistance in drafting a request for proposal.

Angela Gulliard, Western Center on Law and Poverty, requested that the Board take their concerns into consideration. She indicated their willingness to work with the Board on the complexity of the issues with a goal towards mitigating unintended consequences. Chairman Allenby thanked her for their willingness to assist.

Lucy Quacinella, Maternal & Child Health Access, thanked the staff for summarizing core issues. There were two points she wished to highlight. She said premium assistance is also a concern with the Medi-Cal program. She asked why the list included an assessment of cost-effectiveness for HFP but not Medi-Cal. Ms. Cummings noted that SB 2 specified the requirement for HFP, but not for Medi-Cal. Ms. Quacinella remarked that the federal government does require a cost-effectiveness assessment for premium assistance under Medi-Cal and asked whether staff would be open to acknowledging this requirement. Ms. Cummings replied that staff would. Second, Ms. Quacinella indicated a concern about coordination with public programs. They would like to see a method of pre-screening applications or accelerated enrollment so that public services were coordinated during the application process rather than after enrollment.

Jim Ringrose, Private Essential Access Community Hospitals (PEACH), asked the Board to keep in mind the importance of traditional and safety net providers.

Dr. Crowell asked whether there had been any developments concerning the California Health Care Quality Improvement and Cost Containment Commission enacted by AB 1528. Ms. Cummings replied that she was not aware of any appointments to the Commission or any convenings. MRMIB does not have a direct role with the Commission other than taking into consideration any recommendations the Commission might make. The statute directs the Commission to produce a report by January 2005.

Ms. Cummings addressed the timeline for implementation of SB 2. She noted that creating a timeline with an uncertain beginning date was difficult, but she could say that the administrative vendor process alone would take between 17 to 20 months. To be timely, staff would need to bring the Board the first draft of an administrative vendor contract in April 2004. Dr. Hernández commented that SB 2's failure to provide resources has a definite effect on MRMIB's ability to meet the deadline. She thanked the CHFC for its support of discussion papers.

Chairman Allenby asked if there were any further comments or questions; there were none.

CHANGING ELIGIBILITY OF INFANTS FROM AIM TO HFP: AIM/HFP REGULATIONS – FIRST DRAFT

Joyce Iseri presented the first draft of changes to the regulations for the Healthy Families Program (HFP) and the Access for Infants (AIM) and Mothers Program which will implement AB 1762. These provisions change the eligibility of infants born to mothers enrolled in AIM on or after July 1, 2004, by enrolling the infants in HFP instead of AIM. An infant will be enrolled in the HFP component of the same health plan as its mother. Since all AIM plans also participate in HFP, this is feasible. An infant with siblings enrolled in a different HFP plan will be transferred to its siblings' health plan effective the third month after birth. Dr. Crowell asked why the program would wait until

the third month to transfer the infant. Ms. Iseri replied the timing is tied to the lump sum payment that will be made to the plan to cover the period between birth and the second month after birth. To avoid duplicative payments to plans, the transfer would occur after the period covered by the lump-sum payment.

Dr. Hernández asked why the program would force an infant into the same plan as its siblings. Ms. Iseri indicated that this is current procedure for all other children in HFP. Ms. Michel stated that if children were in different plans, computation of the family premium would be complicated, and parents could pay more in premiums. Chairman Allenby commented that Dr. Hernández' point was well taken, nevertheless. Dr. Hernández expressed concern that infants with health problems would lose continuity of care under this requirement. Changing providers is not an issue for healthy children, but it is not in the best interests of a sick child. She suggested that transferring an infant to the same plan as its siblings be optional. Ms. Iseri said staff would explore ways to address Dr. Hernández' concern in the regulations.

Mr. Figueroa asked if MRMIB will be covering AIM children up to 300% of FPL. Ms. Iseri said yes. Dr. Hernández asked what happens under the proposed regulations if an AIM mother fails to notify the HFP plan of the birth of her child. Ms. Iseri said if notification does not occur by the end of the month after the child's birth, the child would be disenrolled. However, the mother could then choose to apply again for HFP coverage for her infant without the linkage to AIM. Mr. Mendoza asked how the mother is informed of her obligation. Ms. Iseri replied that the mother will be informed of her reporting requirement when applying for AIM, and will subsequently receive several reminders from both the HFP administrative vendor and the health plan. Ms. Michel added that AIM plans currently contact mothers, but may need to be more active in notifying them.

Chairman Allenby noted at this point that Areta Crowell, Richard Figueroa, and Kim Belshé had to leave the meeting.

Chairman Allenby announced that these regulations are a first draft so now is the time for comments. Lucy Quacinella asked when the public could comment on the regulations. Laura Rosenthal answered that while formal comments may be submitted after the regulations are filed with the Office of Administrative Law (OAL), comments can also be made anytime between now and when the Board approves the regulations to file with OAL. The public is encouraged to make comments in this period. Ms. Iseri said the final version for approval to file with OAL will be presented to the Board at its next meeting. Ms. Quacinella expressed concern about the issue of an established provider, especially in the first months of life. She asked that MRMIB consider ideas that consumer advocates have formulated. Chairman Allenby asked if there were any further questions or public comment; there were none.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry (SPE) Reports

Ernesto Sanchez reported that there are just over 700,000 children enrolled in HFP as of November 19, 2003. He reviewed enrollment data that included the ethnicity and gender of subscribers, and the top five counties of enrollment. The SPE has processed 1,109,837 cumulative applications to date. Enrollment in September had increased compared to the prior two months. Ms. Gotlieb said that the enrollment for September was terrific. She acknowledged the work of CTA and others who are conducting outreach efforts. She also asked that future enrollment reports include the number of new subscribers for the month.

Chairman Allenby introduced Daniel Barzman from Kaiser. Mr. Barzman announced that, in demonstration of its commitment to HFP, Kaiser is increasing its enrollment cap from 56,000 to 86,000 effective immediately. The additional 30,000 enrollments will be split evenly between northern and southern California. The Board applauded the good news.

Pursuant to the Board's request at the last meeting, Irma Michel provided additional, more in-depth statistics regarding enrollment, particularly the increase in incomplete applications being received as a result of fewer certified application assistants (CCAs) being available to help with the enrollment process. This data is available on MRMIB's website (www.mrmib.ca.gov). Ms. Michel said outreach through the schools and CHDP is a boon enrollment. Ms. Gotlieb said the Board is very appreciative of the community groups that provide outreach and enrollment assistance. Chairman Allenby asked if there were any questions or public comment; there were none.

Administrative Vendor Performance Report

Ernesto Sanchez presented the Administrative Vendor Performance Report for October. Electronic Data Systems (EDS) is currently the administrative vendor for HFP and SPE. EDS met all seven performance standards for HFP and all four performance standards for SPE. Chairman Allenby asked if there were any questions or public comment; there were none.

Administrative Vendor Transition Status

Chairman Allenby noted that the status of this transition gets more important at every meeting. Ms. Cummings reviewed changes made to the work plan and tasks that have been completed since the last meeting. She noted that a major milestone had been passed since the Board's last meeting. Staff had undertaken a readiness assessment to confirm that Maximus, the administrative vendor as of January 1, 2004, would be ready for operation on that date. Staff had concluded that Maximus would be ready, which in turn, led EDS, the current vendor, to begin phase-down activities.

Ms. Cummings introduced Srini Anné, the Board's independent transition consultant, to make a presentation on the readiness assessment review staff had conducted. This assessment is not expected to signal the end of testing, which will continue through the end of December, if necessary.

Mr. Anné reviewed the readiness assessment document with the Board. After the review, he remarked that he has confidence, based on the test results, that Maximus will be ready to operate on January 1, 2004. Operations won't be perfect; there will be bugs that have to be worked out. However, he is confident the conversion will be successful based on his experience in working with both administrative vendors and the results of the readiness assessment. Ms. Cummings added that another factor taken into account in the decision was that the Maximus staff have been extremely knowledgeable and responsive, which also adds to the level of confidence. She also acknowledged the cooperation and professionalism of EDS, which has been critical. Ms. Gotlieb said in addition to thanking the administrative vendors, the Board wanted to thank the staff at MRMIB for all their hard work. Chairman Allenby asked if there were any questions or public comment; there were none.

Oral Health Demonstration Project Awards

Mauricio Leiva asked the Board to approve staff recommendations for award of the Oral Health Demonstration Projects. Jack Campana, Chair of the HFP Advisory Board, noted that there were some counties that didn't have a project recommended for approval even though they were areas of high need. Dr. Hernández made a motion to approve the staff's recommendations with a request that after award of the Oral Health Demonstration Projects, staff utilize any unspent funds to address these under-served geographic areas. Ms. Gotlieb seconded the motion and commented that the Board appreciated that the project had a good evaluation component. The motion was unanimously passed.

Community Provider Plan (CPP) Process: Traditional and Safety Net Provider Listings

Doug Skarr reported on the Community Provider Plan (CPP) process. On November 1, a letter was issued to all plans and interested parties notifying them of the availability of the preliminary list of traditional and safety net providers. The final list will be used to give credit to plans that have contracted with those providers. The preliminary traditional and safety net provider list for 2004-05 and a timeline for the CPP process are available on the MRMIB web site at www.mrmib.ca.gov under "HFP Traditional and Safety Net Provider Listings and Appeals." Appeals must be received by close of business on December 4, 2004. Questions can be addressed to Doug Skarr at 916-324-7444, or dskarr@mrmib.ca.gov. Chairman Allenby asked if there were any questions or public comment; there were none.

The California Children's Services (CCS) Status Report

Nora Nario presented the report on California Children's Services (CCS), which is available the MRMIB web site at www.mrmib.ca.gov. This report provides data on the cases and dollars spent on HFP subscribers receiving CCS services for the 2002-03 benefit year. Children enrolled in HFP who have certain physical limitations such as muscular dystrophy and chronic medical conditions such as diabetes receive services through CCS. The report contains a detailed listing of conditions that are eligible for CCS services.

The report contains a table indicating the referrals to CCS the plans reported during 2001-02 and 2002-03. Over 8,000 were referred to CCS by plans, and over 16,000 have been identified by county CCS programs. In 2002-03 there was a 35% increase in referrals over the previous year. Plans that had a notable increase in referrals attribute it to the improved identification of children eligible for CCS services. Plans that had a notable decrease in referrals attribute it to an improved understanding of CCS eligibility criteria.

The number of HFP/CCS active cases (16,668) shown for 2002-03 represents 2.5% of HFP enrollees. In 2001-02 the number of HFP/CCS active cases (17,300) represented 3.1%. Staff at CCS attributes the decrease of under 1% to a more accurate mechanism for collecting data. The report provides information by county. Mono County had the largest percentage (8.19%) of active HFP/CCS cases. Mono County staff attribute this to the diligence in ensuring children who are eligible for CCS services get referred. Chairman Allenby commented that it would be good if all counties did the same as Mono County.

The report shows expenditures for the past five years, which has steadily increased. The increase for 2002-03 is 78%. Since the program's inception, approximately \$100.9 million has been spent. The report includes a breakdown of expenditures by county, by the types of services provided, and by medical conditions. Malignancies, diseases of the heart, and coagulation disorders comprise the top three medical conditions.

Dr. Hernández asked what the source of funding is for CCS. Ms. Nario replied that 65% is federal funding, 17.5% is state funding, and 17% is county funding. Mr. Williams clarified that for HFP eligibles, only the state shares in the cost; the counties do not. Mr. Campana commented about the fact San Diego received more funding than Orange County, yet Orange County had more cases. Ms. Brown said this could be a function of outstanding claims not processed yet, and/or the severity of the medical conditions treated.

Chairman Allenby noted that there is substantial variance from county to county. The Board said the report was very good. Chairman Allenby asked if there were any further questions or comments; there were none.

Child Health and Disability Prevention (CHDP) Program Gateway Status

Irma Michel said staff is still working on this report. It will be given at the next Board meeting.

Advisory Panel Vacancies

Irma Michel announced that five of the Advisory Panel members' terms end in January 2004. They can all re-apply. Staff will send out a flyer to inform stakeholders of the vacancies to solicit interest in serving on the Panel. More information can be found on the MRMIB web site at www.mrmib.ca.gov. Applications are due by close of business January 9, 2004. Questions can be addressed to Laura Gutierrez at 916-327-6210. Recommendations for the Board's approval will be given at the January meeting. Chairman Allenby asked if there were any questions or public comment; there were none.

Outreach Work Group Update

Janette Lopez reported on the Outreach Work Group. The group was unable to hold its last meeting because of the fires in southern California. However, she would report to the Board on non-state funded outreach efforts of which staff was aware. She announced that as a result of efforts by CMS, National Insure Kids Now has a toll free line which automatically connects callers to California's outreach phone line. The success rate for connected calls in California is 99.5%, versus the national average of 89%. An average of over 16,000 calls come in each month. The administrative vendor surveys callers on how they heard about HFP. The highest percentage of callers, approximately 40-45%, hear about HFP through schools. The second highest percentage, 14-15%, are referred by family or friends. The administrative vendor will also be tracking the results of CTA/CAHP's outreach efforts.

Consumers Union is also working on five pilot programs for Express Enrollment through the National School Lunch Program, mostly in the Los Angeles area. They work with schools to provide outreach workers located on campus. The outreach combines HFP and Medi-Cal. In the Sacramento region, the Rio Linda USD is partnering with the Mayor's Commission on Children's Health and the school lunch program. A one-page flyer has been developed that contains a form to be filled out and sent in requesting information. In FY 2003-04 just under 475,000 applications were sent out in response to these requests for information. Additionally, 35 certified application assistant (CAA) master trainers have been trained at 14 community-based organizations and ten health plans. The eight county children's expansion coverage programs are also including HFP and Medi-Cal information in their outreach. Dr. Hernández commented she thought there were six counties doing expansion. Ms. Lopez replied there are now eight, two of which are focusing on undocumented children.

Ms. Lopez said staff is also working with the Office of the Senate. They will send information to all senators in January. In October 2003 First 5 Commission approved a

\$46.5 million health care initiative for four years beginning January 2004. Of that, \$3 million is targeted for outreach and enrollment. In addition, local county First 5 Commissions are allocating outreach. San Diego County will be releasing \$6 million for two years for outreach and enrollment of existing programs. Chairman Allenby commented this was good. He asked if there were any questions or comments; there were none.

California Teachers Association (CTA) and California Association of Health Plans (CAHP) Outreach Project Update

Janice Nielsen, Teachers for Healthy Kids, reported to the Board on the CTA/CAHP outreach project. She enumerated the many varied efforts undertaken to educate teachers and parents through the schools about HFP over the last year (over 60 presentations). She showed samples of the flyers, brochures, and other materials being distributed. Their efforts are being funded by a grant, and they are in the process of soliciting more funding from The California Endowment. Funding from The California Endowment will be used to target districts with the highest number of eligibles. Prior to their endeavors, teachers had negligible knowledge about HFP. It is now estimated that 81% of teachers know about the program.

They are utilizing a three-pronged approach:

- (1) sending a direct mailing to over 200,000 CTA members of posters to be hung in classrooms,
- (2) sending a mailing to 7,000 principals who are members of the Association of California School Administrators, and
- (3) assuming responsibility for the DHS flyer (no longer funded by the state), which has now been translated into the same eight languages used in HFP applications.

Dave Meadows, Health Net, emphasized their goal to ensure all children who are eligible have access to resources. A lot of children still need to be enrolled and teachers now know they can play a significant role. Teachers are aware that healthy children learn better. Teachers have been provided training on Express Lane eligibility. Some districts are conducting aggressive campaigns. Los Angeles USD did a broadcast phone message in addition to distributing materials. They have sent materials to over 330,000 CTA members and conducted 50 health fairs.

Maria Perez-Flatt, Universal Health Care, described a pilot project in Coachella Valley where they distributed information on HFP and Medi-Cal at back-to-school events in September and October. At these events, some parents asked questions regarding their children who are currently enrolled in the programs. The Coachella Valley USD invited health plans to come to the schools to provide information. She emphasized they are not providing application assistance, but merely providing information. They received 78 calls as result of this project, 72 of which actually qualified.

All of the Board members praised these outreach efforts. Mr. Campana, by virtue of his work with schools in San Diego, was particularly pleased and relayed how Florida

discovered the vital link with schools even before their SCHIP program began. Chairman Allenby asked if there were any questions or further comment; there were none.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Ernesto Sanchez reported that there are currently 4,958 mothers and 11,200 infants enrolled in the program. He briefly reviewed the enrollment data that included ethnicity, infant gender percentage, and the counties with the highest percentage of enrollment. Chairman Allenby asked if there were any questions or public comment; there were none.

Quarterly Fiscal Report

Stuart Busby reported that as of September 30, 2003, total assets were \$29,240,084, and total liabilities were \$19,216,925. Total revenues were \$39,760,617, and total expenditures were \$31,094,133, leaving a fund balance as of September 30, 2003, of \$10,023,159. Chairman Allenby asked if there were any questions or public comment; there were none.

MAJOR RISK MEDICAL INSURANCE PGROAM (MRMIP) UPDATE

Enrollment Report

Ernesto Sanchez reported that there are 7,402 people currently enrolled in the program, of whom 1,844 enrolled this year. As of November 1, there are 92 on the waiting list serving a post-enrollment waiting period. An additional 237 were disenrolled since last month pursuant to AB 1401, bringing the total number of 36-month disenrollments to date to 9,573. He reviewed the enrollment data that included top counties of enrollment, age, and gender. Chairman Allenby asked if there were any questions or public comment; there were none.

Quarterly Fiscal Report

Stuart Busby reported that as of September 30, 2003, total assets were \$22,455,667, and total liabilities were \$5,836,135. Total revenues were \$12,983,568 and total expenditures were \$11,751,670, leaving a fund balance as of September 30, 2003, of \$16,619,532. Chairman Allenby asked if there were any questions or public comment; there were none.

AB 1401 (Thomson) Update

Vallita Lewis gave an update on the post-MRMIP graduate product. At the September 24 Board meeting, a detailed report was given on the various activities

undertaken by MRMIB, the Department of Managed Health Care (DMHC), and the Department of Insurance (DOI) to implement the provisions of AB 1401. To recap, MRMIP subscribers are now limited to 36 months of consecutive enrollment, after which they are eligible for guaranteed-issue coverage with participating health plans and insurance carriers so long as they enroll within 63 days of their graduate date from MRMIP.

On September 1, 2003, the date AB 1401 became effective, the first and largest group of more than 9,300 subscribers was graduated from MRMIP. These subscribers had until November 3 to apply for post-graduate coverage. As of November 1, 2003, approximately 9,573 subscribers have graduated out of the program.

Some time after April 1, 2004, the plans will be required to submit the first interim enrollment report in order to be paid. Once those reports are submitted, staff will have accurate statistics on the number of graduates who have elected to continue with guaranteed-issue coverage. In the interim, preliminary figures provided by plans indicate more than 7,000, or 74%, have continued into the graduate program.

On January 1, 2004, MRMIP rates will increase an average of 12.3%, which will also increase the rates for post-graduate products. In accordance with AB 1401, the rates for post-graduate products must be set at 110% of the MRMIP rates. Additionally, Blue Shield PPO will not be renewing its contract with MRMIP. Since the Blue Shield PPO was selected as a model by four insurance carriers, another plan will need to be selected as the model.

Ms. Lewis detailed activities staff has undertaken in coordination with DMHC and DOI to ensure successful implementation of AB 1401 and a smooth transition of graduates into guaranteed-issue coverage. Chairman Allenby asked if there were any questions or public comment; there were none.

Adoption of Final AB 1401 Implementation Regulations

A motion was made, and unanimously passed, to adopt MRMIB's regulation number R-2-02, previously filed as an emergency regulation, as the final MRMIB regulation for filing with the Office of Administrative Law.

There being no further business to come before the Board, the meeting was adjourned.